



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

VIA FIRST CLASS MAIL

FEB 02 2004

David Scherlter, Esquire
Coburn & Schertler
1140 Connecticut Avenue, N.W., Suite 1140
Washington, D.C. 20036

RE: MUR 4818
The Stipe Law Firm

Dear Mr. Schertler:

On January 23, 2004, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of violations of 2 U.S.C. §§ 441a(a)(1)(A) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter as it pertains to The Stipe Law Firm.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply, and that this matter is still open with respect to other respondents. The Commission will notify you when the entire file has been closed.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in cursive script, reading "Margaret J. Toalson".

Margaret J. Toalson
Attorney

Enclosure
Conciliation Agreement

24-04-403-1442

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

The Stipe Law Firm

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MUR 4818

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COMMISSION
OFFICE OF GENERAL
COUNSEL

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CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by Senators Don Nickles and James M. Inhofe, and Representatives Tom Coburn, Ernest Istook, Jr., Steve Largent, Frank D. Lucas, Wes W. Watkins and J.C. Watts, Jr., and their respective campaign committees. An investigation was conducted, and the Federal Election Commission ("Commission") found probable cause to believe that The Stipe Law Firm ("Respondent" or the "Firm") knowingly and willfully violated 2 U.S.C. §§ 441a(a)(1)(A) and 441f.

NOW, THEREFORE, the Commission and the Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

- I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.
- II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. Respondent enters voluntarily into this agreement with the Commission.
- IV. The pertinent facts in this matter are as follows:

Actors

1. The Firm was founded by Gene Stipe in 1954 as an LLC under Oklahoma state law. The Firm is now known as Stipe, Harper, Laizure, Uselton, Edwards & Belote, LLP. The Firm is located in McAlester, Oklahoma. The

following persons were officers, directors, or agents thereof during the relevant time period: Gene Stipe, Charlene Spears, Clyde Stipe, Eddie Harper, Russell Uselton, Mark Thetford, John Thetford, and Tony Edwards.

2. Gene Stipe was a senior partner at the Firm until 2003. Mr. Stipe was also an Oklahoma state senator representing a portion of Southeastern Oklahoma, and a political mentor and friend to Roberts. Mr. Stipe was involved in running the campaign of Walt Roberts, including making strategic campaign decisions and hiring and firing staff.
3. Charlene Spears was Stipe's personal assistant at the Firm and generally ran the management of the Firm. Spears was involved in running the campaign of Walt Roberts, making decisions on campaign purchases, instructing staff, and handling some of the campaign's banking.
4. Deanna Coxsey was an employee at the Firm and also performed administrative duties for the campaign of Walt Roberts, including collecting and depositing contributions, and signing campaign checks.
5. Jamie Benson, Shelly Dusenberry, Deborah Turner, Cynthia Montgomery-Murray, Deanna Coxsey, Dana Thetford and Gloria Ervin are secretaries at the Firm or were otherwise employed at the Firm during the relevant time period.
6. Mike Mass is an acquaintance of Gene Stipe.
7. Larry Morgan is an acquaintance of Gene Stipe.
8. Harold Massey, Sr., is an acquaintance of Gene Stipe.
9. Walter L. Roberts was a candidate for Oklahoma's Third Congressional District for the U.S. House of Representatives in 1998. Roberts is also an

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artist and the owner of Walt Roberts Auction Company ("Auction Company") located in McAlester, Oklahoma.

10. Walt Roberts for Congress was the political committee within the meaning of 2 U.S.C. § 431(4) for Roberts (the "Committee").
11. The primary election for the Democratic nomination to represent Oklahoma's Third Congressional District occurred on August 25, 1998. Roberts received the most votes in the primary, but not enough to avoid a runoff election, held on September 15, 1998, which he won. Roberts lost the November 3, 1998 general election.
12. James Lane is the former majority leader of the Oklahoma state senate and is a friend of Stipe and Roberts. Lane was an advisor to Roberts during the campaign.

Applicable Law

13. The Federal Election Campaign Act of 1971, as amended (the "Act"), makes it unlawful for any person to contribute to any candidate and his authorized political committee for Federal office to \$1,000 per election. 2 U.S.C. § 441a(a)(1)(A). Nor can an individual make contributions aggregating more than \$25,000 in any calendar year. 2 U.S.C. § 441a(a)(3).
14. The Act also prohibits any candidate or political committee or officer or employee thereof from knowingly accepting any contribution or making any expenditure in violation of the provisions of 2 U.S.C. § 441a.
2 U.S.C. § 441a(f).

15. A contribution or expenditure includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value, to any candidate or campaign committee in connection with any election to any political office. 2 U.S.C. § 441b(b)(2).

16. It is also unlawful for any person to make a contribution in the name of another, or for any person to knowingly permit his or her name to be used to make such a contribution. Moreover, no person may knowingly help or assist any person in making a contribution in the name of another. 2 U.S.C. § 441f; 11 C.F.R. § 110.4(b)(1)(iii).

Factual Background

17. On February 12, 1998, Roberts filed his Statement of Candidacy and began campaign operations. From mid-February, 1998 through mid-April, 1998, the Committee used the Firm as campaign headquarters. The Firm's fax machine, copy machines, computers and video equipment were used for the campaign. Mr. Stipe authorized this use of Stipe Law Firm office space and equipment. However, the Committee never paid the Firm for the use of these facilities, resulting in an in-kind contribution that was never reported.

18. In August, 1998, Stipe and Lane told Roberts that the Firm would pay Roberts \$17,000 which he could then use for the campaign supposedly for advertising and consulting work that Roberts had performed in the past and for work that would be performed by Roberts in the future. Stipe, Lane, and Roberts never intended for Roberts to perform any work for the law firm at any time for the \$17,000 payment. On August 17, 1998, the Firm issued a check for \$17,000

24-04-403-1446

to Roberts. On the same day, that check was deposited into the Auction Company's bank account. Also on the same day, the Committee deposited a \$17,000 check from the Auction Company into the Committee's bank account. Roberts did not perform, nor intend to perform, any services for the Stipe Law Firm, at any time, to earn the \$17,000 he received. Therefore, the \$17,000 payment from Stipe and the Firm to Roberts was really a \$17,000 contribution from Gene Stipe and the Firm, which Roberts and the Committee knew about and never reported.

19. Stipe admits that a \$15,000 check from Stipe and the Firm was drawn up and paid by the Firm to Mike Mass and Larry Morgan to distribute to five straw contributors for contributions to the Roberts Committee. Additionally, Stipe also has admitted that Harold Massey, Sr., received a check for \$9,900 from the Firm for distribution to straw contributors.
20. At least 10 of the 39 straw contributors, including the Firm secretaries, were reimbursed through Stipe and the Firm for a total of \$24,749. Some attorneys and partners at the Firm participated in advancing at least some of these reimbursements.
21. As a result of the Commission's investigation, the actions of Roberts, Lane, Spears, and Gene Stipe were prosecuted by the Department of Justice. Each has admitted those actions and pleaded guilty. Roberts pleaded guilty to conspiracy to violate the Act, in misdemeanor violation of 18 U.S.C. § 371, and conspiracy to obstruct an investigation of the Commission, in felony violation of 18 U.S.C. § 371. Spears pleaded guilty to conspiracy to violate

24-04-408-1447

the Act, in misdemeanor violation of 18 U.S.C. § 371, and conspiracy to obstruct an investigation of the Commission, in felony violation of 18 U.S.C. § 371. Lane pleaded guilty to conspiracy to cause the submission of false statements, a felony violation of 18 U.S.C. § 371. And Stipe pleaded guilty to perjury, a felony violation of 18 U.S.C. § 1621, conspiracy to obstruct a Commission investigation, a felony violation of 18 U.S.C. § 371, and conspiracy to violate the Act, a misdemeanor violation of 18 U.S.C. § 371.

Violations

V. Respondent The Stipe Law Firm knowingly and willfully violated 2 U.S.C. §§ 441a(a)(1)(A) and 441f by making in-kind contributions to Walt Roberts for Congress and by making and assisting others in making contributions in the name of another. Respondent The Stipe Law Firm will cease and desist from violating 2 U.S.C. §§ 441a(a)(1)(A) and 441f.

Civil Penalty

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of One-Hundred One Thousand Dollars (\$101,000.00), pursuant to 2 U.S.C. § 437g(a)(5)(B).

Other Provisions

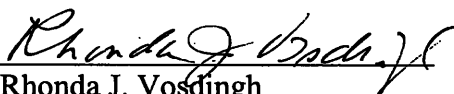
VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. Respondent shall have no more than thirty days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement.


IX. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lawrence H. Norton
General Counsel

BY:  1/30/24
Rhonda J. Vosdigh Date
Associate General Counsel
for Enforcement

FOR THE RESPONDENT:

 1-28-04
Tony Edwards Date
For The Stipe Law Firm

24.04.403.1445